

City of Weslaco, Texas

Water and Wastewater Rate Study and Long-Term Financial Plan

Presented

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Water and Wastewater Rate Study Objectives

- **Review operating history and prepare forecasts**
 - Examine operating agreement, benchmark revenue and capital and operating expenditures
- **Evaluate current rate structure**
 - Does each customer class contribute an equitable share of revenue based on demand?
 - Are revenues generated at appropriate levels of consumption for each customer class
 - Do rates generate revenue sufficient to pay current and forecast operating and capital costs?
- **Develop and assist with implementation of an improved rate structure**
 - Eliminate cross customer-class subsidies
 - Reduce revenue declines related to weather events
 - Compare current & recommended rates to relevant peer group
 - Provide multi-year rate restructuring option to avoid rate shock
 - Generate revenue sufficient to fund operating and capital costs in a variety of consumption scenarios

Wholesale and Retail Water and WW Flows

CITY OF WESLACO, TEXAS

WATER & WASTEWATER SYSTEM FLOWS

	Raw Water Pumped - MG	Treated Water Pumped - MG	Percent of Raw Water Treated & Distributed	Metered Water Consumption - MG	Percent of Treated Water Sold	Influent to WWTP(s) - MG	Percent of Metered Water discharged to WWTP(s)
FY 2004-05	1,621.1	1,901.4	117%	1,493.9	79%	972.1	65%
FY 2005-06	1,690.2	1,975.3	117%	1,661.1	84%	1,232.6	74%
FY 2006-07	1,750.4	1,570.9	90%	1,436.4	91%	1,256.2	87%
FY 2007-08	2,072.7	1,734.0	84%	1,542.5	89%	1,309.6	85%
FY 2008-09	2,144.7	2,081.7	97%	1,721.1	83%	1,399.8	81%
FY 2009-10	1,755.8	1,783.5	102%	1,419.4	80%	1,608.7	113%
FY 2010-11	2,193.4	2,152.6	98%	1,694.5	79%	1,508.5	89%
FY 2011-12	2,183.4	2,128.6	97%	1,700.5	80%	1,452.3	85%
AVERAGE	1,926.5	1,916.0	100%	1,583.7	83%	1,342.5	85%
AVG. ANNUAL GROWTH RATE	4.3%	1.6%		1.9%		5.9%	

Current Water Rate Structure by Customer Class

TABLE I-2 CITY OF WESLACO, TEXAS CURRENT WATER RATE STRUCTURE				Irrigation subsidized by other customers estimated annual cost of \$200,000		2 accounts using 500,000 gallons per month paying \$33?		
		Residential ICL - RI	Residential OCL	Commercial / Mult Family	NAWSC	MHWSC	Second Meter Sprinkler ICL - AO4	Comm. Base Only - "NC"
Minimum Charge - Gallons		0	0	0	0	0	0	0
All Meter Sizes		\$13.62	\$20.43	\$13.66	\$1.52	\$13.66	\$7.08	\$13.66
Volumetric Rate [Gallons]								
1	15,000	\$2.36	\$3.54	\$2.36	\$1.52	\$2.36	\$2.36	\$0.00
15,000	15,001	\$2.36	\$3.54	\$14.57	\$1.52	\$2.36	\$2.36	\$0.00
15,001	20,000	\$2.36	\$3.54	\$2.63	\$1.52	\$2.36	\$2.36	\$0.00
35,000	35,001	\$2.36	\$3.54	\$14.11	\$1.52	\$2.36	\$2.36	\$0.00
35,001	Greater	\$2.36	\$3.54	\$2.63	\$1.52	\$2.36	\$2.36	\$0.00

Water and Wastewater Debt Service

CITY OF WESLACO, TEXAS							
SUMMARY OF ALL WATER & WW DEBT							
					TRUE	TRUE	TRUE
FYE	Begin Period Debt	Less Refundings	Plus Additions	Principal	Interest	Total Debt Service	Ending Principal
2010	\$24,208,848	\$0	\$3,842,160	\$1,037,828	\$1,264,673	\$2,302,501	\$27,013,180
2011	\$27,013,180	\$0	\$8,500,000	\$1,081,020	\$1,245,607	\$2,326,627	\$34,432,160
2012	\$34,432,160	\$0	\$24,335,000	\$1,156,248	\$1,829,560	\$2,985,808	\$57,610,912
2013	\$57,610,912	\$0	\$0	\$1,655,451	\$2,403,789	\$4,059,240	\$55,955,461
2014	\$55,955,461	\$0	\$9,000,000	\$2,493,433	\$2,689,492	\$5,182,925	\$62,462,028
2015	\$62,462,028	\$0	\$0	\$2,562,297	\$2,615,541	\$5,177,838	\$59,899,731
2016	\$59,899,731	\$0	\$0	\$3,075,981	\$2,532,057	\$5,608,038	\$56,823,750
2017	\$56,823,750	\$0	\$0	\$3,580,509	\$2,432,777	\$6,013,287	\$53,243,241
2018	\$53,243,241	\$0	\$0	\$4,064,818	\$2,314,088	\$6,378,906	\$49,178,423
2019	\$49,178,423	\$0	\$0	\$3,008,423	\$2,171,446	\$5,179,869	\$46,170,000
2028	\$17,080,000	\$0	\$0	\$2,890,000	\$776,250	\$3,666,250	\$14,190,000
2029	\$14,190,000	\$0	\$0	\$3,025,000	\$641,700	\$3,666,700	\$11,165,000
2033	\$1,210,000	\$0	\$0	\$1,210,000	\$49,913	\$1,259,913	\$0

Pro Forma Cash Flow under Current Rates – Avg. Consumpt

TABLE ES-8

CITY OF WESLACO, TEXAS

CASH FLOW SUMMARY-WATER & WASTEWATER

		FYE			FYE	
	2013	2014	2015	2016	2017	2018
WATER CONSUMPT. SCEN.	Average	Average	Average	Average	Average	Average
Rate Revenues	\$11,053,796	\$11,450,909	\$11,765,725	\$12,095,228	\$12,427,489	\$12,928,393
Non-Rate Revenues	\$880,500	\$900,266	\$920,483	\$941,161	\$962,312	\$983,945
TOTAL REVENUES	\$11,934,296	\$12,351,175	\$12,686,208	\$13,036,390	\$13,389,801	\$13,912,337
TOTAL EXPENSES	\$6,562,478	\$6,772,037	\$7,054,107	\$7,303,501	\$7,554,540	\$7,815,009
Net Rev. Avail. For Debt Svc.	\$5,371,818	\$5,579,138	\$5,632,101	\$5,732,889	\$5,835,260	\$6,097,328
Total 1st Lien Rev. Debt Service	\$452,732	\$450,451	\$457,691	\$454,452	\$450,895	\$447,018
Existing Tax Supported P&I	\$3,606,508	\$3,440,230	\$4,316,903	\$4,831,942	\$5,240,748	\$5,610,244
Proposed Tax Supported P&I	\$0	\$1,292,244	\$403,244	\$321,644	\$321,644	\$321,644
TOTAL ALL DEBT SERVICE	\$4,059,240	\$5,182,925	\$5,177,838	\$5,608,038	\$6,013,287	\$6,378,906
Coverage Ratio on All Debt: Current Rev, Current Debt	1.32	1.08	1.09	1.02	0.97	0.96
CASH AFTER ALL DEBT SVC.	\$1,312,579	\$396,214	\$454,263	\$124,851	-\$178,026	-\$281,578
Total Capital Outlays	\$562,033	\$573,274	\$584,739	\$596,434	\$608,363	\$620,530
FY END BALANCE	\$750,546	(\$177,060)	(\$130,476)	(\$471,583)	(\$786,389)	(\$902,108)

Meter Size and Capacity Utilization

TABLE III-7

CITY OF WESLACO, TEXAS

AWWA - EQUIVALENT METER RATIOS & FLOW RATES

Water Meter Size	AWWA Meter Ratio	Demand Flow Rates - gpm		Max Cont. Demand - gpm
		Minimum	Maximum	
5/8"	1.0	0.25	25	10
3/4"	1.1	0.50	30	15
1"	2.5	0.75	50	25
1 1/2"	8.0	1.50	100	50
2"	10.0	4	200	100
3"	22.5	8	350	240
4"	60.0	15	630	420
6"	125.0	30	1,400	920
8"	200.0	140	1,600	900
10"	325.0	225	2,500	1,450

TABLE ES-5

CITY OF WESLACO, TEXAS

COMPARISON OF COMMERCIAL ICL MIN. CHARGE ESCALATOR BY METER SIZE - \$

Meter Size	Edinburg	Weslaco	Sharyland	East Rio Hondo WSC	SAWS	Laredo	San Benito	Brownsville PUB	Corpus Christi	Harlingen WW	NAWSC	AVERAGE
5/8"	\$16.76	\$16.26	\$15.00	\$35.00	\$10.70	\$34.85	\$24.33	\$18.63	\$8.55	\$7.93	\$17.65	\$18.94
3/4"	\$16.76	\$16.26	\$15.00	\$35.00	\$14.82	\$34.85	\$24.33	\$18.63	\$8.55	\$7.93	\$17.65	\$19.35
1"	\$16.76	\$16.26	\$16.00	\$87.50	\$23.04	\$37.86	\$25.73	\$18.63	\$18.50	\$10.07	\$29.43	\$28.35
1.5"	\$22.34	\$16.26	\$0.00	\$175.00	\$43.61	\$42.11	\$33.69	\$30.90	\$30.84	\$14.56	\$58.85	\$45.19
2"	\$33.43	\$16.26	\$24.00	\$280.00	\$68.31	\$58.11	\$47.00	\$48.95	\$61.67	\$33.02	\$88.28	\$74.28
3"	\$44.74	\$16.26	\$29.00	\$560.00	\$125.91	\$115.61	\$79.23	\$113.31	\$98.67	\$49.17	\$150.68	\$136.63
4"	\$66.86	\$16.26	\$34.00	\$875.00	\$208.20	\$174.61	\$122.24	\$172.59	\$197.34	\$112.87	\$256.40	\$222.01
6"	\$111.75	\$16.26	\$39.00	\$3,400.00	\$413.93	\$314.46	\$209.62	\$331.92	\$308.35	\$231.80	\$484.97	\$584.58
8"	\$0.00	\$16.26	\$0.00	\$5,950.00	\$660.80	\$463.51	\$209.62	\$520.61	\$616.70	\$426.15	\$824.00	\$967.14

Cust. Class	Comm ICL - Water	Meter Size	4"										
Min Charge		Min Charge - CPTG		10,000		50,000		200,000		500,000		5,000,000	
McAllen	\$4.65	McAllen	\$2.33	McAllen	\$17.64	McAllen	\$69.63	McAllen	\$264.63	McAllen	\$654.63	McAllen	\$6,504.61
Weslaco	\$16.26	Weslaco	\$8.13	RGC	\$42.22	Sharyland	\$107.48	Sharyland	\$354.98	Sharyland	\$954.97	Sharyland	\$6,954.96
RGC	\$18.26	RGC	\$9.13	Mercedes	\$42.73	Pharr	\$144.48	Pharr	\$421.97	Harlingen WW	\$962.71	Harlingen WW	\$8,657.69
Mercedes	\$22.64	Mercedes	\$11.32	Weslaco	\$44.34	Mercedes	\$156.59	Harlingen WW	\$449.72	Pharr	\$976.97	NAWSC	\$8,848.47
MHWSC	\$23.75	MHWSC	\$11.88	Sharyland	\$44.49	RGC	\$178.99	Mercedes	\$525.58	NAWSC	\$1,108.49	Pharr	\$9,301.95
Sharyland	\$34.00	Sharyland	\$17.00	MHWSC	\$51.73	Harlingen WW	\$193.22	NAWSC	\$592.50	Brownsville PUB	\$1,247.55	Brownsville PUB	\$10,922.53
Pharr	\$55.00	Pharr	\$27.50	Pharr	\$71.99	Weslaco	\$202.05	Brownsville PUB	\$602.56	Mercedes	\$1,263.57	Mercedes	\$12,333.55
Edinburg	\$66.86	Edinburg	\$33.43	Edinburg	\$88.62	Eagle Pass WW	\$202.72	Eagle Pass WW	\$605.21	Eagle Pass WW	\$1,415.20	Eagle Pass WW	\$13,565.17
Eagle Pass WW	\$79.41	Eagle Pass WW	\$39.71	Eagle Pass WW	\$98.38	MHWSC	\$211.71	San Benito	\$652.50	San Benito	\$1,474.50	San Benito	\$13,804.47
Harlingen WW	\$112.87	Harlingen WW	\$56.44	Harlingen WW	\$124.83	Edinburg	\$213.00	Weslaco	\$671.54	PG Avg.	\$1,548.73	PG Avg.	\$14,534.70
Grand Prairie	\$117.05	Grand Prairie	\$58.53	San Benito	\$137.03	San Benito	\$241.51	Edinburg	\$679.49	Weslaco	\$1,610.53	Edinburg	\$15,607.45
Del Rio	\$121.25	Del Rio	\$60.63	Del Rio	\$145.39	PG Avg.	\$265.43	PG Avg.	\$685.47	Edinburg	\$1,612.48	Weslaco	\$15,695.49
San Benito	\$122.24	San Benito	\$61.12	Grand Prairie	\$150.13	Brownsville PUB	\$280.06	RGC	\$691.98	RGC	\$1,717.97	SAWS	\$16,513.43
PG Avg.	\$140.90	PG Avg.	\$70.45	PG Avg.	\$160.14	Grand Prairie	\$282.51	Laredo	\$774.57	SAWS	\$1,766.96	Grand Prairie	\$16,666.95
Brownsville PUB	\$172.59	Brownsville PUB	\$86.30	Laredo	\$192.30	Del Rio	\$283.37	Grand Prairie	\$779.00	Grand Prairie	\$1,771.99	RGC	\$17,107.94
Laredo	\$174.61	Laredo	\$87.30	Brownsville PUB	\$194.07	SAWS	\$292.33	SAWS	\$783.87	Del Rio	\$1,835.84	Del Rio	\$17,360.81
Corpus Christi	\$197.34	Corpus Christi	\$98.67	SAWS	\$217.55	Laredo	\$311.08	Del Rio	\$800.86	Laredo	\$1,846.56	Corpus Christi	\$18,304.99
SAWS	\$208.20	SAWS	\$104.10	Corpus Christi	\$226.31	NAWSC	\$334.50	MHWSC	\$811.70	Corpus Christi	\$2,001.53	MHWSC	\$20,011.64
NAWSC	\$256.40	NAWSC	\$128.20	NAWSC	\$267.31	Corpus Christi	\$371.20	Corpus Christi	\$914.64	MHWSC	\$2,011.69	Laredo	\$21,332.51
Austin	\$290.25	Austin	\$145.13	Austin	\$338.39	Austin	\$532.36	Austin	\$1,259.85	Austin	\$2,714.83	East Rio Hondo WSC	\$21,912.43
East Rio Hondo WSC	\$875.00	East Rio Hondo WSC	\$437.50	East Rio Hondo WSC	\$875.00	East Rio Hondo WSC	\$875.00	East Rio Hondo WSC	\$1,512.49	East Rio Hondo WSC	\$2,787.47	Austin	\$24,539.78

Proposed Restructured Water Rates: Commercial

CITY OF WESLACO, TEXAS

PROPOSED WATER RATES:

Commercial - C

NO. ACCOUNTS

1,053

AVERAGE CONSUMPTION

30,542

Minimum Charge		10/01/12	10/01/13	10/01/14	10/01/15	10/01/16	10/01/17	Avg Annual Increase
1 / 5/8" & 3/4"		\$16.26	\$16.26	\$18.07	\$19.88	\$21.69	\$23.50	7.6%
3 / 1"		\$16.26	\$18.64	\$21.01	\$23.39	\$25.77	\$28.14	11.6%
6 / 1.5"		\$16.26	\$21.70	\$27.14	\$32.57	\$38.01	\$43.45	21.7%
7 / 2"		\$16.26	\$26.25	\$36.24	\$46.24	\$56.23	\$66.22	32.4%
3"		\$16.26	\$37.69	\$59.11	\$80.54	\$101.97	\$123.39	50.0%
4"		\$16.26	\$52.60	\$88.94	\$125.28	\$161.62	\$197.96	64.9%
6"		\$16.26	\$86.34	\$156.42	\$226.51	\$296.59	\$366.67	86.5%
8"		\$16.26	\$109.65	\$203.04	\$296.44	\$389.83	\$483.22	97.1%
Consumption Charge								
1	1,000	\$2.81	\$2.90	\$3.03	\$3.17	\$3.30	\$3.44	4.1%
1,001	2,000	\$2.81	\$2.90	\$3.03	\$3.17	\$3.30	\$3.44	4.1%
2,001	3,000	\$2.81	\$2.90	\$3.03	\$3.17	\$3.30	\$3.44	4.1%
3,001	4,000	\$2.81	\$2.90	\$3.03	\$3.17	\$3.30	\$3.44	4.1%
4,001	5,000	\$2.81	\$2.90	\$3.03	\$3.17	\$3.30	\$3.44	4.1%
5,001	8,000	\$2.81	\$2.90	\$3.03	\$3.17	\$3.30	\$3.44	4.1%
8,001	10,000	\$2.81	\$2.90	\$3.03	\$3.17	\$3.30	\$3.44	4.1%
10,001	15,000	\$2.81	\$2.90	\$3.03	\$3.17	\$3.30	\$3.44	4.1%
15,000	15,001	\$17.34	\$13.87	\$9.91	\$4.95	\$3.67	\$3.84	-26.0%
15,001	20,000	\$3.13	\$3.23	\$3.38	\$3.53	\$3.67	\$3.84	4.1%
20,001	30,000	\$3.13	\$3.23	\$3.38	\$3.53	\$3.67	\$3.84	4.1%
30,001	35,000	\$3.13	\$3.26	\$3.40	\$3.56	\$3.70	\$3.87	4.3%
35,000	35,001	\$16.79	\$13.43	\$9.26	\$4.63	\$3.70	\$3.87	-25.5%
35,002	50,000	\$3.13	\$3.26	\$3.40	\$3.56	\$3.70	\$3.87	4.3%
50,001	100,000	\$3.13	\$3.26	\$3.40	\$3.56	\$3.70	\$3.87	4.3%
100,001	Greater	\$3.13	\$3.26	\$3.40	\$3.56	\$3.70	\$3.87	4.3%
Impact on Monthly Bill		\$ Incr.	\$ Incr.	\$ Incr.	\$ Incr.	\$ Incr.	\$ Incr.	
Usage	30,000	\$122.67	\$127.39	\$133.58	\$138.97	\$144.06	\$154.78	4.8%
Cost Increase			\$4.72	\$6.19	\$5.39	\$5.09	\$10.72	\$6.42
Usage	500,000	\$1,610.54	\$1,671.67	\$1,742.58	\$1,815.33	\$1,882.65	\$1,971.61	4.1%
Cost Increase			\$61.12	\$70.91	\$72.75	\$67.33	\$88.96	\$72.21



Proposed Wastewater Rates: Commercial

CITY OF WESLACO, TEXAS

PROPOSED WW RATES:

Commercial - C

WINTER AVERAGE

28,732

Minimum Charge		10/01/12	10/01/13	10/01/14	10/01/15	10/01/16	10/01/17	Avg Annual Increase
All Meter Sizes		\$12.98	\$12.98	\$14.98	\$16.99	\$18.99	\$21.00	10.1%
Consumption Charge								
0	1,000	\$2.46	\$2.61	\$2.72	\$2.82	\$2.91	\$3.04	4.3%
1,001	2,000	\$2.46	\$2.61	\$2.72	\$2.82	\$2.91	\$3.04	4.3%
2,001	3,000	\$2.46	\$2.61	\$2.72	\$2.82	\$2.91	\$3.04	4.3%
3,001	4,000	\$2.46	\$2.61	\$2.72	\$2.82	\$2.91	\$3.04	4.3%
4,001	5,000	\$2.46	\$2.61	\$2.72	\$2.82	\$2.91	\$3.04	4.3%
5,001	8,000	\$2.46	\$2.61	\$2.72	\$2.82	\$2.91	\$3.04	4.3%
8,001	10,000	\$2.46	\$2.61	\$2.72	\$2.82	\$2.91	\$3.04	4.3%
10,001	15,000	\$2.46	\$2.61	\$2.72	\$2.82	\$2.91	\$3.04	4.3%
15,000	15,001	\$15.16	\$12.12	\$8.66	\$5.59	\$3.24	\$3.38	-25.9%
15,002	20,000	\$2.74	\$2.91	\$3.03	\$3.14	\$3.24	\$3.38	4.3%
20,001	30,000	\$2.74	\$2.91	\$3.03	\$3.14	\$3.24	\$3.38	4.3%
30,001	35,000	\$2.74	\$2.91	\$3.03	\$3.14	\$3.24	\$3.38	4.3%
35,000	35,001	\$14.67	\$11.74	\$9.03	\$6.69	\$4.18	\$3.38	-25.4%
35,002	50,000	\$2.74	\$2.91	\$3.03	\$3.14	\$3.24	\$3.38	4.3%
50,001	Greater	\$2.74	\$2.91	\$3.03	\$3.14	\$3.24	\$3.38	4.3%
100,001	200,000	\$2.74	\$2.91	\$3.03	\$3.14	\$3.24	\$3.38	4.3%
Impact on Monthly Bill								
Bill @	30,000	\$105.98	\$107.81	\$109.87	\$111.82	\$114.38	\$117.29	2.0%
Cost Increase			\$1.83	\$2.06	\$1.95	\$2.56	\$2.92	\$2.26
Bill @	500,000	\$1,406.38	\$1,485.64	\$1,543.04	\$1,592.50	\$1,640.45	\$1,707.67	4.0%
Cost Increase			\$79.26	\$57.41	\$49.45	\$47.95	\$67.22	\$60.26

Cost of Restructured Rates: Commercial

TABLE ES-13

CITY OF WESLACO, TEXAS

IMPACT OF PROPOSED RATES:

Commercial - C

Weighted Average

AVERAGE CONSUMPTION

30,542

94%

WINTER AVERAGE

28,732

Monthly Gallons	FYE 2012	Oct-13	Oct-14	Oct-15	Oct-16	Oct-17	Avg. Annual Increase
30,000	\$200.96	\$235.21	\$243.46	\$250.79	\$258.44	\$272.07	
\$ Increase		\$6.55	\$8.25	\$7.34	\$7.64	\$13.64	\$8.68
% Increase		2.9%	3.5%	3.0%	3.0%	5.3%	3.5%
200,000	\$1,100.29	\$1,308.18	\$1,355.47	\$1,399.91	\$1,441.92	\$1,504.45	
\$ Increase		\$50.94	\$47.29	\$44.43	\$42.02	\$62.53	\$49.44
% Increase		4.1%	3.6%	3.3%	3.0%	4.3%	3.7%

Recommended Next Steps

- Formalize FYE 2014 operating and capital budget
- Consider outside city limit rate assessment for wastewater customers and non residential water customers
- Evaluate no-charge water accounts and schedule of non rate fees and charges
- Address wholesale water rate negotiations with NAWSC and MHWSC
- Consider unit based wastewater rate structure once data is gathered
- Incorporate Staff and Council comments into study
- Advise ratepayers of proposed increases
- Draft rate ordinance